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FOREIGN SERVICE DESPATCH

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TO: THE DEPARTMENT OF STATE, WASHINGTON. — January 23, 1953

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SUBJECT: WEEKA NO. 4 - ECONOMIC SECTION

SECTION II

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MICROFILM CENTER

Guatemala's off-year Congressional elections, which with minor exceptions were orderly, caused no direct repercussions on the country's economy, but the prospect of disturbances in rural areas arose when farm laborers in two provinces, following inflammatory speeches by leftist politicians, took the execution of the Agrarian Reform Law into their own hands and seized private land without the authorization of the National Agrarian Department (DAN).

Meanwhile one landowner, Sr. Ernesto LEAL Pérez, moved to test the constitutionality of the provisions of the Agrarian Reform Law which forbid appeals to the courts. He petitioned the Supreme Court to set aside a decision of President ARBENZ', acting as the final authority on agrarian reform matters, which upheld the DAN's decision to expropriate part of his property in the Department of Guatemala.

The sensitivity of the Arbenz Administration was revealed in the hasty denials by Foreign Minister Raúl OSEGUEDA and Minister of Communications Carlos ALDANA Sandoval of a garbled press statement that Guatemala was not cooperating with the United States in the construction of the Inter-American Highway. Both officials carefully ignored the Guatemalan Government's responsibility for the interruption in 1951 of United States financial aid and said Guatemala had recently assented to United States proposals regarding the renewal of financial assistance.

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Desp. No. 631
From GUATEMALA

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Agrarian Reform

Following an election campaign in which posters throughout the country proclaimed, "What you sow will be yours", agricultural workers in the Departments of Escuintla and Jutiapa were reported to have seized private lands without waiting for the DAN to act on their applications. Sr. Carlos Manuel PELLECER, a member of the Political Committee of the Guatemalan Labor (Communist) Party and successful candidate for Congress in Escuintla, had been particularly vehement in demanding immediate distribution of private property and the Communists in their 2nd Party Congress in December 1952 had called for "mass action" to assure fulfillment of agrarian reform. After the seizure, Sr. César MONTENEGRO Paniagua, a Communist Deputy and Secretary of Agricultural Relations of the labor confederation CGTG, urged the DAN to legalize the situation. He said the workers had waited five months, the planting season was drawing near and the workers had warned they would take the land if the DAN failed to act promptly. Major Alfonso MARTINEZ Estévez, Chief of the DAN, showed no signs of meeting the issue squarely; he told the press the lands were subject to agrarian reform anyway and that the matter could probably be regularized by the application of the laws providing for the compulsory rental of agricultural lands to small farmers.

A test of the provisions of the Agrarian Law which not only prohibit recourse to the courts but also provide for the punishment of any judge taking cognizance of an agrarian case was in prospect as a result of a petition by Sr. Ernesto Leal Pérez to the Supreme Court asking that it overrule a decision of President Arbenz' confirming the expropriation of part of his land. Sr. Leal contended the President's denial of his appeal from a DAN ruling was a violation of the Constitution and that the land in question was not properly subject to expropriation under the Agrarian Reform Law. Sr. Justo Rufino MORALES, one of the Supreme Court Justices, has asked to be excused from sitting on this case, without giving reasons for doing so. While lower courts have on at least two previous occasions intervened on behalf of individuals imprisoned by the agrarian authorities (WEEKA No. 51), a clear-cut issue on the constitutionality of the law was avoided since the DAN did not contest the rulings.

In another field of agrarian activity, the Commission for liquidating the National Farms (WEEKAS Nos. 2 and 3) surmounted one financial crisis but continued to be faced with other problems. Col. Anselmo GETELLA Amézquita, the

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Commission Chief, succeeded in having the court raise the embargo on the assets of the National Farms obtained on January 14 by a group of employees who demanded some $1,500,000 as their legal share of the profits since 1949, but new difficulties arose when the internal revenue department claimed $404,000 in unpaid profits taxes. The liquidation of the National Farms also involved difficulties for 300 teachers in rural schools on these farms who would be displaced after June 30, 1953 when the liquidation is supposed to be completed.

Inter-American Highway

Foreign Minister Raúl Osegueda and Minister of Communications Carlos Aldana Sandoval both hastened to deny local press reports erroneously attributing to President TRUMAN'S budget message a passage stating that funds originally intended for constructing the Guatemalan section of the Inter-American Highway had been transferred to Costa Rica because Guatemala was not cooperating with the United States. Dr. Osegueda without specifically mentioning the budget message said that it was not true that Guatemala had not cooperated on the highway project, that it had recently completed two new sections with its own resources and that it had assented to a new agreement with the United States in December 1952. But he and Col. Aldana failed to make clear that the withdrawal of United States aid in 1951 had been due to Guatemala's failure to give the assurances required under U.S. Public Law 769.

R E Schoenfeld

Rudolf E. Schoenfeld

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